

Appeal No. VA93/4/010

AN BINSE LUACHÁLA
VALUATION TRIBUNAL
AN tACHT LUACHÁLA, 1988
VALUATION ACT, 1988

E.G. & G. Instruments Limited

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Factory at Map Ref: 1M, Townland of Ballycoolen, E.D. Blanchardstown - Corduff, R.D.
Dublin - Fingal, Co. Dublin

Quantum - Correct rpsf for a modern electrical components factory in an industrial park

B E F O R E

Henry Abbott

S.C. Chairman

Veronica Gates

Barrister

Brian O'Farrell

Valuer

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 3RD DAY OF JUNE, 1994

By Notice of Appeal dated the 26th day of October, 1993 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £925 on the above described hereditament.

The grounds of appeal as set out in the Notice of Appeal are that:-

"the valuation is excessive and inequitable when rental levels are taken into consideration".

The Property:

The property is located in Blanchardstown Industrial Park at the junction of Snugborough Road and Ballycoolen Road, approximately one mile from Blanchardstown, with access onto the nearby Navan Road and M50.

The property is a factory unit built circa 14 years ago. The building comprises concrete frame with steel girders supporting an insulated steel deck roof, concrete block infill walls having overall eaves height of 18 feet. There is a manned security gate.

Valuation History:

The property was first valued in 1982 at R.V. £925. The valuation was not appealed. It was revised again in 1992 on the grounds that "The valuation is excessive when rental levels are taken into account". No change was made to the valuation despite extensions and improvements having been made to the property. It is against this valuation of £925 that an appeal now lies to the Tribunal.

Written Submissions:

A written submission was submitted by Mr. Tadhg Donnelly of Brian Bagnall & Associates on the 12th March, 1994, on behalf of the appellant.

In the written submission Mr. Donnelly described the property and gave details of its accommodation as follows:-

Main Offices	4,996 sq.ft.
Factory	33,853 sq.ft.
Work Offices	5,284 sq.ft.
Store	351 sq.ft.
Plant Room	1,687 sq.ft.

He said that the areas were agreed on joint inspection with Mr. Smiley of the Valuation Office.

Mr. Donnelly said that in arriving at a rateable valuation regard should be had to:-

- 1) The levels settled on similar properties in recent times by the Valuation Office.

- 2) The location of the subject property in the Industrial Estate in Blanchardstown.
- 3) The finish of the building.
- 4) The existence of rent subsidies from the I.D.A..

Mr. Donnelly said that having had regard to these factors he calculated the rateable valuation on the subject premises as follows:-

Offices	4,996 sq.ft.	@ £3.20 p.s.f.	= £ 15,987.20
Factory	33,853 sq.ft.	@ £2.20 p.s.f.	= £ 74,476.60
Works Office	5,284 sq.ft.	@ £2.75 p.s.f.	= £ 14,531.00
Store	351 sq.ft.	@ £1.25 p.s.f.	= £ 438.75
Plant Room	1,687 sq.ft.	@ £1.75 p.s.f.	= <u>£ 2,952.25</u>
			£108,385.80

N.A.V. £108,385 @ .63% = £682

Say £680

Mr. Donnelly gave details of five comparisons as follows:-

1) Thermo King:

Blanchardstown Industrial Park

1989 First Appeal

36,304 sq.ft. @ £3.38 per square foot

N.A.V. £123,015 @ .63% = R.V. £775

2) Fujitsu Ireland Limited

Blanchardstown Industrial Park, Blanchardstown

Original building:

Basement 38,000 sq.ft. @ £1.50 p.s.f. = £ 57,000

Ground Floor & 1st Floor 60,000 sq.ft. @ £3.38 p.s.f. = £202,800

Extension 45,000 sq.ft. @ £3.38 p.s.f. = £152,100

£411,900

@ .63% = £2,594

Say £2,600

3) ACCO World Computers

Clonshaugh Industrial Estate

Offices 8,003 sq.ft. @ £3.35 p.s.f.

Warehouse 70,667 sq.ft. @ £2.30 p.s.f

N.A.V. of £189,344

R.V. £1,200

4) Leeds & Northrup Limited

Clonshaugh Industrial Estate

1991 Revision

Offices 7,559 sq.ft. @ £3.35 p.s.f.

Warehouse 34,453 sq.ft. @ £2.30 p.s.f.

N.A.V. £104,698

R.V. £660

5) Timplex International

Clonshaugh Industrial Estate

1993 Revision

Offices £3.35 p.s.f.

Warehouse £2.30 p.s.f.

R.V. £500

A written submission was received on the 25th February, 1994 from Mr. John Smiley, Appeal Valuer, on behalf of the respondent.

In the written submission Mr. Smiley described the property in detail and said that he understood that the property was leased from the I.D.A. for 35 years from the 1st December, 1985 on a F.R.I. basis. Initial rent was £110,000 with provision for 5 year rent revisions. Rent review 1990 to £159,500. No premium was paid.

He said that many improvements had been made to the property by the occupier such as tiling of the entire floor in the factory area, erection of plant room of 1,549 square feet and creation of an additional 5,321 square feet of office/canteen space out of ex-factory space. An air-conditioned area of 6,510 square feet had been erected and the company had contributed £20,000 to the cost of erection of a security fence around the estate.

Mr. Smiley set out his calculation of the rateable valuation as follows:-

Offices	10,283 sq.ft.	@ £4	= £ 41,132
Factory	33,857 sq.ft.	@ £3	= £101,571

By letter to the Tribunal dated the 25th March, 1994 Mr. Donnelly, at the request of the Tribunal, gave details of the costs of the improvements made to the above building and details of the lease on the subject premises.

Oral Hearing:

The oral hearing took place in Dublin on the 11th March, 1994. Mr. Tadhg Donnelly of Brian Bagnall and Associates appeared for the appellant with Mr. Pat O'Regan, Facility Manager of the appellant company. Mr. John Smiley, Appeal Valuer appeared for the respondent. Evidence was given by both parties along the lines of their written submissions and the question arose in relation to tenant's improvements and the applicability of comparisons. The Tribunal adjourned to enable an inspection to take place.

The inspection and adjourned hearing resumed on the 29th March, 1994. Prior to the resumed hearing, Mr. Donnelly submitted a résumé dated the 25th March, 1994 relating to tenants improvements and explaining the occurrence of the rent subsidy. The inspection involved the comparisons of:-

- (1) ACCO World Computers, Clonshaugh Industrial Estate.
- (2) Fujitsu Ireland, Snugborough Industrial Estate, Blanchardstown.
- (3) Stratus, Snugborough Industrial Estate, Blanchardstown.

The subject itself was also inspected. The Tribunal benefited considerably from the inspections which were very efficiently arranged by the parties and the Tribunal wishes to express its deep appreciation of the exceptional facilities afforded to it, not only by the parties but also by the management and staff of the premises inspected which were not involved in any way with the appeal and who courteously co-operated on an entirely voluntary basis with the procedure.

At the adjourned hearing immediately after the inspection, both Mr. Donnelly and Mr. Smiley urged upon the Tribunal the various aspects of the comparisons inspected which ought to be taken into consideration by the Tribunal.

Mr. Donnelly urged again on the Tribunal that ACCO was by far the most appropriate comparison and that the Fujitsu and Stratus premises were in a much higher league of sophistication and value, and, that furthermore, the Fujitsu and Stratus premises could equally be or substantially used as offices. The Tribunal indicated that certainly Fujitsu and Stratus were of higher sophistication and marketability. However, Mr. Smiley argued strongly that

the market for offices in the Ballycoolen Industrial Park was not unlimited and that it was not realistic of Mr. Donnelly to argue for full office letting of both the Fujitsu and Stratus comparisons as a realistic market option. Mr. Smiley also argued that the road facilities to and from the subject were better than those favouring the ACCO Industrial Estate. He argued against the Tribunal taking much cognisance of the rent subsidy indicating that this was available only for the present tenant and that it might not be available for an ordinary tenant taking the subject. Both parties were satisfied to accept the view of the Tribunal that the tenants improvements would not be taken into consideration in relation to the establishment of N.A.V. in their entirety, in view of the fact that same in many cases would be of dubious value in the open letting market.

Findings:

The Tribunal finds that the Fujitsu and Stratus premises are far more impressive than the subject. In terms of mere physical layout the ACCO premises is by far the most comparable. However, the Tribunal does not propose to take a mere mechanistic approach in applying the ACCO valuation, as devalued, to the subject, in view of the particular aspects of the industrial estate and general location of the subject. The Tribunal considers that some increase on that figure should be made in view of the arguments put forward by Mr. Smiley in relation to the access to the estate and the comparability of Fujitsu and Stratus, notwithstanding their physical superiority, in that they were so near to the subject. Furthermore, the Tribunal considers, subsequent to the inspection, that the predominance of electronic and delicate engineering activities in the industrial estate itself gives a special status to the location of the subject. Indeed, the activities in the estate may be approaching the creation of a critical mass of expertise and motivation among the work-force in the locality such as would encourage a tenant or occupier to set up in similar dynamic high-tech activities. Accordingly, the Tribunal finds that the valuation of the subject is £780 and so determines.